NVC International Holdings Limited
雷士國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2222)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2019:

- The Group's revenue from continuing operations amounted to RMB2,222,610,000, representing an increase of 31.9% as compared with the Corresponding Period.
- The Group's gross profit from continuing operations amounted to RMB533,361,000, representing an increase of 60.7% as compared with the Corresponding Period.
- The Group's loss before income tax from continuing operations amounted to RMB5,469,000, with the loss before income tax amounted to RMB471,731,000 in the Corresponding Period.
- Loss attributable to owners of the parent from continuing operations amounted to RMB101,524,000, with the loss amounted to RMB717,245,000 in the Corresponding Period.
- The Group's profit for the year from discontinued operations amounted to RMB3,790,435,000, representing an increase of 845.3% as compared with the Corresponding Period.
- Basic loss per share of the Company from continuing operations amounted to RMB2.40 cents (2018: loss per share of RMB18.71 cents); Basic earnings per share from discontinued operations amounted to RMB89.33 cents (2018: loss per share of RMB10.16 cents).
- The Board of the Company has proposed not to declare final dividend (2018: no final dividend declared).

The Board of the Company announces the unaudited annual results of the Group for the Reporting Period. Under the influence of the Novel Coronavirus ("COVID-19") epidemic and travel restrictions in force in parts of China, certain audit procedures required to be conducted by the auditor of the Company cannot be completed by the date of this announcement. The unaudited results for the year ended 31 December 2019 contained herein have not been agreed with the auditor as required under Rule 13.49(2) of the Listing Rules. The unaudited annual results in this announcement have been reviewed by the Audited Committee of the Company and approved by the Board of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
	Notes	**2019**	2018
		RMB'000	*RMB'000*
			(Re-presented)
CONTINUING OPERATIONS			
REVENUE	*2*	**2,222,610**	1,684,699
Cost of sales		**(1,689,249)**	(1,352,739)
GROSS PROFIT		**533,361**	331,960
Other income and gains	*3*	**76,621**	124,249
Selling and distribution costs		**(248,586)**	(103,553)
Administrative expenses		**(336,212)**	(186,706)
Impairment of trade receivables		**(14,756)**	(3,166)
Impairment of other receivables		**(555,788)**	(320,580)
Other expenses, net	*4*	**(198,268)**	(277,586)
Finance costs	*5*	**(5,157)**	(35,826)
Share of results of associates		**(17,957)**	(523)
Gain on disposal of a subsidiary	*17(b)*	**761,273**	–
LOSS BEFORE INCOME TAX		**(5,469)**	(471,731)
Income tax	*6*	**(81,794)**	(231,599)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(87,263)**	(703,330)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	*9*	**3,790,435**	400,994
PROFIT/(LOSS) FOR THE YEAR		**3,703,172**	(302,336)

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000 (Re-presented)
Attributable to:			
Owners of the parent			
Loss for the year from continuing operations		**(101,524)**	(717,245)
Profit for the year from discontinued operations		**3,776,506**	389,653
Profit/(loss) for the year attributable to owners of the Company		**3,674,982**	(327,592)
Non-controlling interests			
Profit for the year from continuing operations		**14,261**	13,915
Profit for the year from discontinued operations		**13,929**	11,341
Profit for the year attributable to non-controlling interests		**28,190**	25,256
		3,703,172	(302,336)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT FROM CONTINUING AND DISCONTINUED OPERATIONS			
Basic	7	**RMB86.93 cents**	RMB(8.55) cents
Diluted	7	**RMB86.93 cents**	RMB(8.55) cents
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT FROM CONTINUING OPERATIONS			
Basic	7	**RMB(2.40) cents**	RMB(18.71) cents
Diluted	7	**RMB(2.40) cents**	RMB(18.71) cents

Details of dividends are disclosed in Note 8 on page 21 of this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
PROFIT/(LOSS) FOR THE YEAR		**3,703,172**	(302,336)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**(100,383)**	(10,596)
– Share of other comprehensive income of associates		**4,037**	–
– Reclassification relating to disposal of subsidiaries	*17*	**(4,699)**	–
		(101,045)	(10,596)
Items that will not be reclassified subsequently to profit or loss:			
– Fair value change on financial assets at fair value through other comprehensive income, net of tax		**11,996**	6,500
– Share of other comprehensive income of associates		**(6)**	–
		(89,055)	(4,096)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,614,117**	(306,432)
Attributable to:			
Owners of the parent		**3,585,738**	(332,437)
Non-controlling interests		**28,379**	26,005
		3,614,117	(306,432)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**320,233**	653,576
Prepaid land lease payments		**–**	44,800
Right-of-use assets		**226,472**	–
Goodwill	*10*	**213,968**	1,127,376
Other intangible assets		**389,425**	678,857
Investments in associates		**803,118**	44,386
Investment in a joint venture		**–**	64,800
Long term investments		**28,000**	235,996
Deferred tax assets		**23,873**	72,029
Prepayments		**283,363**	449,997
Total non-current assets		**2,288,452**	3,371,817
CURRENT ASSETS			
Inventories	*11*	**385,418**	683,524
Trade and bills receivables	*12*	**606,590**	1,504,176
Prepayments, deposits and other receivables		**479,812**	361,313
Income tax recoverable		**1,733**	568
Other current assets		**24,928**	45,014
Held-for-trading investments		**39,506**	44,190
Restricted bank balances and short-term deposits		**56,300**	677,502
Cash and cash equivalents		**1,551,520**	912,998
Total current assets		**3,145,807**	4,229,285
CURRENT LIABILITIES			
Trade and bills payables	*13*	**530,918**	1,385,298
Other payables and accruals		**806,276**	1,324,472
Interest-bearing loans and borrowings	*14*	**21,917**	1,064,924
Lease liabilities		**6,674**	–
Government grants		**1,009**	1,612
Income tax payable		**558,450**	187,168
Derivative financial liabilities		**–**	10,689
Total current liabilities		**1,925,244**	3,974,163
NET CURRENT ASSETS		**1,220,563**	255,122
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,509,015**	3,626,939

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		31 December	
		2019	2018
	Note	***RMB'000***	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**43,017**	–
Government grants		**1,837**	9,138
Deferred tax liabilities		**70,060**	222,285
Total non-current liabilities		**114,914**	231,423
Net assets		**3,394,101**	3,395,516
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3**	3
Reserves		**3,319,726**	3,101,326
Proposed dividend	*8*	**–**	185,367
		3,319,729	3,286,696
Non-controlling interests		**74,372**	108,820
Total equity		**3,394,101**	3,395,516

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which in collective term include all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value. These consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand ('000) except when otherwise indicated.

1.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.3 ADOPTION OF IFRSs

Adoption of new/revised IFRSs

In the current year, the Group has applied, for the first time, the following new/revised IFRSs, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019.

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long Term Interests in Associates and Joint Ventures
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, Business Combinations
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 11, Joint Arrangements
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 12, Income Taxes
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 23, Borrowing Costs

Except as explained below, the adoption of these new/revised IFRSs has no material impact on the Group's consolidated financial statements. The Group has not applied any new or revised IFRSs that is not yet effective for the Reporting Period.

IFRS 16 Leases ("IFRS 16")

IFRS 16 supersedes IAS 17 Leases ("IAS 17"), IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect on initial adoption as an adjustment to opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

1.3 ADOPTION OF IFRSs *(Continued)*

Adoption of new/revised IFRSs *(Continued)*

IFRS 16 *(Continued)*

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

(a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of land and buildings. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for the elective exemption for short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"). Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Leases previously accounted for as operating leases

Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average of the incremental borrowing rates used for determination of the remaining lease payments was 7.08%. The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments recognised in the statement of financial position immediately before 1 January 2019.

The Group also applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

1.3 ADOPTION OF IFRSs *(Continued)*

Adoption of new/revised IFRSs *(Continued)*

IFRS 16 *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

(a) *Nature of the effect of adoption of IFRS 16 (Continued)*

Leases previously accounted for as operating leases *(Continued)*

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	RMB'000
Assets	
Non-current assets	
Right-of-use assets	73,487
Prepaid land lease payments	(44,800)
Total non-current assets	28,687
Current assets	
Prepayments, deposits and other receivables	(979)
Total current assets	(979)
Total assets	27,708
Liabilities	
Current liabilities	
Lease liabilities	8,349
Total current liabilities	8,349
Non-current liabilities	
Lease liabilities	19,359
Total non-current liabilities	19,359
Total liabilities	27,708

1.3 ADOPTION OF IFRSs *(Continued)*

Adoption of new/revised IFRSs *(Continued)*

IFRS 16 *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

(a) Nature of the effect of adoption of IFRS 16 (Continued)

Leases previously accounted for as operating leases *(Continued)*

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	37,194
Less: commitments relating to short-term leases	(506)
Less: total future interest expense	(8,980)
Lease liabilities as at 1 January 2019	27,708

(b) Summary of new accounting policies

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased a number of land and buildings under tenancy agreements which are held for own use. Right-of-use assets of the Group are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	41 to 47 years
Buildings	1 to 28 years

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

1.3 ADOPTION OF IFRSs *(Continued)*

Adoption of new/revised IFRSs *(Continued)*

IFRS 16 *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

(b) Summary of new accounting policies (continued)

Lease liability *(Continued)*

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

IFRIC-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (“FVOCI”) if specified conditions are met – instead of at fair value through profit or loss.

Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9 applies to long-term interests (“LTI”) in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that IFRS 9 is applied to these LTI before the impairment losses guidance within IAS 28.

1.3 ADOPTION OF IFRSs *(Continued)*

Adoption of new/revised IFRSs *(Continued)*

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

For management purposes, the Group is organised into business units based on the products and markets and has four reportable operating segments as follows:

(a) Domestic NVC brand (discontinued during the year (Notes 9 and 17(a)) and the relevant information for the year ended 31 December 2018 are re-presented accordingly)

(b) Domestic non-NVC brand

(c) International NVC brand

(d) International non-NVC brand

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax, except that interest income, finance costs, unallocated income and gains as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Since total assets, liabilities and capital expenditures for each reportable segment are not regularly provided to the chief operating decision maker, the directors are of the opinion that the disclosure of such amounts is not necessary.

Segment information represents the revenue and results from external customers, detailed as below.

2. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Revenue (Continuing operations) Year ended 31 December		Results (Continuing operations) Year ended 31 December	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Re-presented)		(Re-presented)
Domestic non-NVC brand	**307,143**	409,023	**61,374**	97,087
International NVC brand	**196,329**	185,150	**50,336**	45,636
International non-NVC brand	**1,719,138**	1,090,526	**421,651**	189,237
Total	**2,222,610**	1,684,699	**533,361**	331,960
Reconciliation				
Interest income			**6,113**	5,655
Fair value change of held-for-trading investment			**(4,684)**	(44,596)
Unallocated income and gains			**65,860**	35,691
Corporate and other unallocated expenses[#]			**(603,227)**	(296,344)
Finance costs			**(5,157)**	(35,826)
Fair value change of the derivative component of convertible bonds			**–**	82,903
Loss on modification of terms of convertible bonds			**–**	(78,387)
Impairment of other receivables			**(555,788)**	(320,580)
Impairment of goodwill			**(173,216)**	–
Provision for losses on financial guarantee contracts			**(7,147)**	(151,519)
Share of results of associates			**(17,957)**	(523)
Loss on disposal of items of property, plant and equipment			**(9,548)**	(165)
Gain on disposal of a subsidiary			**761,273**	–
Gain on disposal of financial assets at FVOCI			**4,648**	–
Loss before income tax			**(5,469)**	(471,731)

During the Reporting Period, depreciation and amortisation recorded in the consolidated statement of profit or loss from continuing operations amounted to RMB87,439,000 (2018: RMB37,894,000).

Timing of revenue recognition:

The Group revenue from continuing operations is recognised at a point in time for both years.

2. **REVENUE AND SEGMENT INFORMATION** *(Continued)*

	Revenue (Discontinued operations) Year ended 31 December		Results (Discontinued operations) Year ended 31 December	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Re-presented)		(Re-presented)
Domestic NVC brand	**3,335,389**	3,220,149	**1,286,503**	1,146,328
Reconciliation				
Interest income			**24,697**	8,632
Unallocated income and gains			**92,647**	34,699
Corporate and other unallocated expenses#			**(864,147)**	(675,207)
Finance costs			**(22,955)**	(24,069)
Fair value change of derivative financial liabilities			**–**	(10,689)
Fair value gain on deemed disposal of an associate			**–**	85,958
(Impairment)/reversal of impairment of other receivables			**(115,645)**	700
Share of results of associates			**(3,414)**	5,782
Loss on disposal of items of property, plant and equipment			**(1,890)**	(2,064)
Share of results of a joint venture			**(20,734)**	(35,200)
Gain on disposal of subsidiaries			**3,988,697**	–
Profit before income tax			**4,363,759**	534,870

During the Reporting Period, depreciation and amortisation recorded in the consolidated statement of profit or loss from discontinued operations amounted to RMB80,186,000 (2018: RMB61,924,000).

Corporate and other unallocated expenses consist of unallocated depreciation, amortisation and staff costs, freight expenses and impairment loss of trade receivables.

Timing of revenue recognition:

For the Reporting Period, the Group's revenue from discontinued operations is recognised at a point in time save for the engineering income of RMB26,035,000 (2018: RMB34,064,000) in Domestic NVC brand segment which is recognised over time.

3. OTHER INCOME AND GAINS

	Notes	2019	2018
		Year ended 31 December	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
			(Re-presented)
Continuing operations			
Other income			
Government grants	*(a)*	**18,941**	19,028
Bank interest income		**5,414**	5,649
Other interest income		**699**	6
Surcharge from suppliers	*(b)*	**10,474**	19
Rental income		**1,687**	734
Fair value change of the derivative component of convertible bonds		**–**	82,903
Gain on disposal of financial assets at FVOCI		**4,648**	–
Others, net		**2,761**	1,801
		44,624	110,140
Gains			
Gain on sale of scrap materials		**349**	254
Exchange gains, net		**31,648**	13,855
		31,997	14,109
		76,621	124,249

Notes:

(a) Various government grants have been received by the Group's PRC subsidiaries as tax subsidies and incentives for research and development activities. Government grants for which expenditure has not been undertaken and those associated with assets are recognised as deferred income in the consolidated statement of financial position.

(b) Various one-off surcharges from suppliers have been received by the Group's subsidiaries for late delivery and logistic expenses.

4. OTHER EXPENSES, NET

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Provision for losses on financial guarantee contracts in respect of:		
– Guarantee Agreement 1	**3,230**	61,830
– Guarantee Agreement 2	**2,949**	60,700
– Guarantee Agreement 3	**968**	28,989
	7,147	151,519
Impairment of goodwill *(Note 10)*	**173,216**	–
Loss on modification of terms of convertible bonds *(Note 15)*	**–**	78,387
Loss on disposal of items of property, plant and equipment	**9,548**	165
Fair value change of held-for-trading investments	**4,684**	44,596
Others	**3,673**	2,919
	198,268	277,586

5. FINANCE COSTS

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Interest on bank loans	**2,100**	11,096
Interest on lease liabilities	**3,057**	–
Interest on convertible bonds *(Note 15)*	**–**	24,730
	5,157	35,826

6. INCOME TAX

The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which most of the companies within the Group are domiciled and operate. No provision for United Kingdom ("UK") corporation income tax, the United States (the "US") income tax and Japan corporate tax has been made as the Group had no assessable profits arising in the UK, the US and Japan during the Reporting Period.

The table below sets out the items of income tax expense from continuing operations and discontinued operations in the Reporting Period.

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Current – the PRC		
– Charge for the year	**179,233**	292,004
– Over-provision in prior years	**(12,623)**	(1,719)
Current – Hong Kong		
– Charge for the year	**598,276**	12,171
– Over-provision in prior years	**(11,547)**	–
Deferred	**(98,221)**	63,019
Income tax for the year	**655,118**	365,475
Represented by		
– Continuing operations	**81,794**	231,599
– Discontinued operations	**573,324**	133,876
	655,118	365,475

The Company's subsidiaries operated in the PRC and Hong Kong are subject to enterprise income tax ("EIT") and Hong Kong profits tax at the statutory tax rate of 25% and 16.5% respectively.

Chongqing NVC Lighting Co., Ltd. ("Chongqing NVC") and NVC Lighting (China) Co., Ltd. (the "Subsidiary"), two then subsidiaries located in the west of the PRC, were recognised as western development enterprises by the local tax authority and are entitled to the preferential tax rate of 15% until 2020 according to a local tax policy on western development issued in 2011. The two subsidiaries were disposed of by the Group during the year.

Shanghai Arcata Electronics Co., Ltd. ("Shanghai Arcata"), Huizhou NVC Lighting Technology Co., Ltd., ETi Solid State Lighting (Zhuhai) Limited ("Zhuhai SSL") and Zhejiang Jiangshan Sunny Electron Co., Ltd. ("Sunny") was recognised as high-tech enterprise by the PRC tax authority and entitled a preferential tax rate of 15% during the year (2018: Shanghai Arcata, Zhuhai SSL and Sunny).

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Continuing and discontinued operations

The calculations of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Earnings/(loss):		
Profit/(loss) attributable to owners of the parent	**3,674,982**	(327,592)
Less:		
Profit for the year from discontinued operations	**(3,776,506)**	(389,653)
Loss for the purposes of basic and diluted loss per share from continuing operations	**(101,524)**	(717,245)

	Number of shares	
	2019	2018
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	**4,227,288**	3,832,650

No adjustment is made to the basic loss per share for the year ended 31 December 2018 as the potential dilutive ordinary shares have an anti-dilutive effect on the basic loss per share amount presented. There is no potential dilutive ordinary shares during the year ended 31 December 2019.

Discontinued operations

Basic and diluted earnings per share for the discontinued operations is RMB89.33 cents per share (2018: RMB10.16 cents per share), based on the profit for the year from the discontinued operations of RMB3,776,506,000 (2018: RMB389,653,000) and the denominators detailed above for the both basic and diluted earnings/(loss) per share.

8. DIVIDEND

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Special dividends		
– Declared: HK$0.9 per ordinary share (2018: Nil)	**3,368,205**	–
– Proposed: Nil (2018: HK$0.05 per ordinary share)	**–**	185,367
	3,368,205	185,367

The declared special dividend for the year ended 31 December 2019 and the proposed special dividend for the year ended 31 December 2018 was approved by the Company's shareholders at the extraordinary general meeting held during the Reporting Period.

No final dividend has been proposed for the years ended 31 December 2019 and 2018.

9. DISCONTINUED OPERATIONS

On 10 August 2019, the Group entered into a sale and purchase agreement to dispose of 100% equity interest in Huizhou NVC Lighting Technology Co. Ltd., Blue Light (HK) Trading Co., Limited and Zhuhai Yaohui Technology Co. Ltd (the "Target Companies") and their subsidiaries (collectively referred to as the "Target Group"). The disposal was effected to enhance the business optimization strategy. The disposal was completed on 12 December 2019 (the "Closing"), the date on which the control of the Target Group passed to the acquirer. The revenue, results and net assets of the Target Group were as follows:

	1 January 2019 to 12 December 2019	Year ended 31 December 2018
	RMB'000	*RMB'000*
		(Re-presented)
Revenue	**3,335,389**	3,220,149
Expenses	**(2,960,327)**	(2,685,279)
Profit before income tax	**375,062**	534,870
Income tax	**(135,096)**	(133,876)
	239,966	400,994
Gain on disposal of the Target Group	**3,988,697**	–
Income tax arising from the disposal	**(438,228)**	–
Profit for the year from discontinued operations	**3,790,435**	400,994

A gain of RMB3,988,697,000 arose on the disposal of the Target Group, being the fair value of the consideration received less the carrying amount of the subsidiaries' net assets and attributable goodwill.

For the purpose of presenting discontinued operations, the comparative consolidated statement of profit or loss and the related notes have been re-presented as if the operations discontinued during the Reporting Period had been discontinued at the beginning of the comparative period.

10. GOODWILL

	RMB'000
Cost	
At 1 January 2018	231,287
Acquired through business combinations	1,106,215
At 31 December 2018 and 1 January 2019	1,337,502
Business combination	4,939
Disposal of subsidiaries *(Note 17)*	(745,131)
At 31 December 2019	597,310
Accumulated impairment:	
At 1 January 2018, 31 December 2018 and 1 January 2019	(210,126)
Impairment losses recognised *(Note)*	(173,216)
At 31 December 2019	(383,342)
Net carrying amount:	
At 31 December 2019	213,968
At 31 December 2018	1,127,376

Note:

During the Reporting Period, the carrying amount of the US market cash-generating unit operating in the international non-NVC brand segment fell below its recoverable amount of RMB1,177,937,000 by RMB173,216,000 and therefore an impairment loss in the same amount was recognised in profit or loss.

11. INVENTORIES

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Raw materials	**87,495**	131,001
Work in progress	**29,750**	16,803
Finished goods	**268,173**	535,720
Total	**385,418**	683,524

The write-down of inventories amounted to RMB29,474,000 (2018: RMB5,836,000), which was recorded in "Cost of sales" in the consolidated statement of profit or loss.

12. TRADE AND BILLS RECEIVABLES

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**608,742**	1,286,103
Impairment	**(17,029)**	(220,648)
Trade receivables, net	**591,713**	1,065,455
Bills receivables	**14,877**	438,721
	606,590	1,504,176

An aged analysis of trade receivables as at the end of the Reporting Period, based on the transaction date and net of loss allowance, is as follows:

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**428,519**	841,395
4 to 6 months	**118,196**	153,070
7 to 12 months	**20,337**	47,741
1 to 2 years	**23,213**	14,040
Over 2 years	**1,448**	9,209
	591,713	1,065,455

Trade receivables of the Group represented proceeds receivable mainly from sale of goods. The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods generally range from 30 to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balance. Overdue interests of several trade receivables are calculated at annual interest rate of 12%.

At 31 December 2018, the Group factored certain bills receivables (the "Discounted Bills") with a carrying amount of RMB349,564,000 to banks with recourse (the "Factoring Arrangement"). In the opinion of the Directors, the Group had retained the substantial risks and rewards, which included default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and recognised the corresponding amount received from the banks under the Factoring Arrangement as secured borrowings which amounted to RMB348,855,000 as at 31 December 2018. Subsequent to the Factoring Arrangement, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

The Group did not factor bills receivables at 31 December 2019.

12. TRADE AND BILLS RECEIVABLES *(Continued)*

As at 31 December 2019, certain trade receivables of NVC Lighting Limited ("UK NVC") with carrying amounts of RMB21,110,000 (2018: RMB3,467,000) were pledged to secure the bank borrowings of UK NVC as further set out in Note 14.

The maturity of the bills receivables of the Group as at 31 December 2018 and 2019 is within 6 months.

As at 31 December 2018 and 2019, the fair value of trade and bills receivables approximate to their carrying amounts largely due to their short-term maturity.

13. TRADE AND BILLS PAYABLES

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade and bills payables to third parties	**455,401**	1,340,224
Trade and bills payables to related parties	**75,517**	45,074
Total	**530,918**	1,385,298

Trade payables are non-interest-bearing and are normally settled on terms of 30 to 180 days (2018: 30 to 60 days).

Trade payables to related parties are payable on similar credit terms to those granted by major suppliers of the Group.

Bills payables are normally settled within 6 months.

An aged analysis of trade and bills payables as at the end of the Reporting Period, based on the transaction date, is as follows.

	31 December	
	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**502,524**	1,322,961
4 to 6 months	**17,999**	34,811
7 to 12 months	**7,721**	14,653
1 to 2 years	**844**	8,357
Over 2 years	**1,830**	4,516
	530,918	1,385,298

As at 31 December 2018 and 2019, the fair value of trade and bills payables approximated to their carrying amounts which are largely due to their short-term maturity.

14. INTEREST-BEARING LOANS AND BORROWINGS

	31 December					
	2019			2018		
	Contractual interest rate (%)	**Maturity**	***RMB'000***	*Contractual interest rate (%)*	Maturity	*RMB'000*
Current						
Bank loans – secured[1]	**Base*+1.90%**	**On demand[2]**	**21,110**	Base*+1.90%	On demand[2]	3,467
				3.30%	On demand	411,815
				PRC BDI#+0.91%	On demand	50,000
				3.80% – 6.00%	On demand	268,635
				3.20% – 4.70%	2019	330,220
Bank loans – unsecured	**4.00% per month**	**On demand**	**807**	4.00% per month	On demand	787
Total			**21,917**			1,064,924

1 The secured bank loans represented facilities secured by the pledge of certain trade and bills receivables, time deposits, certain right-of-use assets in relation to land use rights and buildings. As at 31 December 2018, the secured bank loans were also secured by corporate guarantees executed by certain subsidiaries of the Group.

2 The loan is repayable upon the collection of the factored trade receivables.

* "Base" refers to the Bank of England base rate.

"PRC BDI" refers to the PRC Benchmark deposit interest rate.

As at 31 December 2018 and 2019, the fair value of interest-bearing loans and borrowings approximates to their carrying amount largely due to the short-term maturities.

15. CONVERTIBLE BONDS

On 20 May 2016, the Company and an independent third party entered into a subscription agreement (the "Subscription Agreement") in relation to the issue of convertible bonds denominated in HK$ in an aggregate principal amount of HK$500,000,000 (the "Convertible Bonds"). The Convertible Bonds were issued on 7 June 2016.

Pursuant to the Subscription Agreement, the Convertible Bonds are convertible into fully paid ordinary shares:

(a) on or after the issue date (i.e. 7 June 2016) and up to and excluding the close of business on the second anniversary of the issue date (the "First Maturity Date"), i.e. June 2018, at an initial conversion price of HK$0.925 per share (subject to anti-dilutive adjustments); and

(b) with extension up to and excluding the close of business on the fourth anniversary of the issue date if agreed by the Company and the bondholder in writing at least 30 days prior to the First Maturity Date (the "Second Maturity Date").

The Convertible Bonds bear interest at the rate of 7.8% per annum on the principal amount of the bonds outstanding. The interest will be payable by the Company semi-annually in arrears. The outstanding amount of the Convertible Bonds will be redeemed on maturity (the date falling on the First Maturity Date or the Second Maturity Date, where applicable) at a value equal to the aggregate of (1) its principal amount outstanding; and (2) the interest accrued.

The Convertible Bonds that contain both liability and conversion option components were classified separately into their respective items on initial recognition. The embedded derivative of conversion option is therefore accounted for as a derivative. The fair values of the derivative component are determined based on the valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of professionally qualified valuers, using the binomial option pricing model. Changes in fair value of that component between the measurement dates are recognised in profit or loss. The fair value of the liability component is measured as the present value of the expected payments and principal repayment at maturity on initial recognition and is carried as a liability on the amortised cost basis until extinguished on conversion or redemption.

On 4 May 2018, pursuant to an amendment deed approved by the bondholder, the Company and the bondholder agreed to amend the terms of the Convertible Bonds as follows:

(a) The conversion price, which was originally HK$0.925 per share is amended to HK$0.77 per share (subject to anti-dilutive adjustments); and

(b) The maturity date of the Convertible Bonds is extended to 7 June 2020.

Save as disclosed above, all the other terms and conditions of the Convertible Bonds shall remain unchanged. The amendments have been approved by the shareholders of the Company at the extraordinary general meeting on 15 June 2018.

Consequently, a loss arising from the modification of the terms of RMB78,387,000, being the difference between the carrying amount and fair value of the components of the Convertible Bonds on the date of modification, has been recognised in profit or loss during the year ended 31 December 2018.

15. CONVERTIBLE BONDS *(Continued)*

In August 2018, the Convertible Bonds were converted in full at the conversion price of HK$0.77 per share (the "Conversion"). Accordingly, 649,350,649 shares were allotted to the bondholder pursuant to the terms and conditions of the Convertible Bonds. The liability and derivative components of the Convertible Bonds have been derecognised upon the Conversion resulting in amount of RMB444 and RMB450,492,000 credited to share capital and share premium respectively.

The movements of the liability component and derivative component of the Convertible Bonds during the year ended 31 December 2018 are as follows:

	Liability component of Convertible Bonds *RMB'000*	**Derivative component of Convertible Bonds** *RMB'000*	**Total** *RMB'000*
At 1 January 2018	421,229	11,933	433,162
Effective interest expense recognised to profit or loss	24,730	–	24,730
Interest paid	(21,061)	–	(21,061)
Loss on modification of terms	(19,891)	98,278	78,387
Fair value change	–	(82,903)	(82,903)
Conversion	(419,672)	(30,820)	(450,492)
Exchange realignment	14,665	3,512	18,177
At 31 December 2018	–	–	–

The major inputs for the valuation of the fair value of the derivative component of the Convertible Bonds as at conversion date and modification date are shown as follows:

	At conversion date	**At modification date**
Share price	HK$0.630	HK$0.790
Conversion price	HK$0.770	HK$0.770
Risk-free rate	1.706%	1.837%
Volatility	38.81%	39.39%

16. PLEDGE OF ASSETS

Save for those disclosed in other parts of this announcement, at the end of the Reporting Period, certain assets of the Group were pledged as follows:

(1) As at 31 December 2019, right-of-use assets related to leasehold land with aggregate carrying amount of RMB17,852,000 (31 December 2018: land-use rights of RMB45,676,000) and certain buildings included in property, plant and equipment with aggregate carrying amounts of RMB120,002,000 (31 December 2018: RMB257,642,000) were pledged for the Group's and an associate's bank loan facilities.

(2) As at 31 December 2019, certain trade and bills receivables with carrying amounts of RMB21,110,000 (31 December 2018: RMB353,031,000) were pledged to secure the bank borrowings.

(3) In accordance with several letters of guarantee, deposits with carrying amounts of RMB56,300,000 (31 December 2018: RMB612,792,000) were pledged for issuing letters of guarantee and borrowing facilities.

(4) As at 31 December 2018, deposits with carrying amounts of RMB710,000 were pledged for the Group's applications of assets preservation in certain PRC legal proceedings.

17. DISPOSAL OF SUBSIDIARIES

(a) The Disposal

On 12 December 2019, pursuant to the share purchase agreement dated 10 August 2019 (the "SPA") entered into between the Company, LED Holdings Limited (a subsidiary of the Company), Brilliant Lights International Holding Pte. Ltd. ("Holdco"), Brilliant Lights Investments Pte. Ltd. (the "Purchaser") and Lighting Holding II Pte. Ltd. ("Lighting Holdings II") (a company which owns 100% of share capital of Holdco), the Group disposed of 100% equity interest in the Target Companies to the Purchaser (an independent third party) at cash consideration of approximately RMB4,611,308,000 (the "Cash Consideration"), subject to certain possible adjustments and Holdco will issue new ordinary shares in in Holdco to the Company representing 30% of the total issue capital of Holdco (the "Share Consideration"). After the Closing, the Company and Lighting Holdings II indirectly hold 30% and 70% equity interests in the Target Group respectively.

Further details are set out in the Company's Circular dated 30 October 2019.

(b) Disposal of the Subsidiary

During the Reporting Period, the Group disposed of its entire interest in the Subsidiary to an independent third party at a consideration of RMB100,000.

17. DISPOSAL OF SUBSIDIARIES *(Continued)*

The net assets/(liabilities) of the Target Group and the Subsidiary at the date of disposal were as follows:

	The Target Group *RMB'000*	The Subsidiary *RMB'000*	Total *RMB'000*
Property, plant and equipment	324,996	–	324,996
Right-of-use assets	53,825	–	53,825
Goodwill	745,131	–	745,131
Other intangible assets	283,625	–	283,625
Investments in associates	35,149	–	35,149
Investment in a joint venture	46,066	–	46,066
Long term investments	17,065	–	17,065
Deferred tax assets	66,645	–	66,645
Non-current prepayments	23,847	–	23,847
Inventories	320,275	–	320,275
Trade and bills receivables	1,071,344	–	1,071,344
Prepayments, deposits and other receivables	720,192	5,039	725,231
Income tax recoverable	975	45	1,020
Other current assets	14,569	–	14,569
Cash and cash equivalents	654,904	99	655,003
Trade and bills payables	(1,299,340)	(1,565)	(1,300,905)
Other payables and accruals	(1,084,357)	(764,791)	(1,849,148)
Interest-bearing loans and borrowings	(229,444)	–	(229,444)
Lease liabilities	(27,960)	–	(27,960)
Government grants	(8,150)	–	(8,150)
Income tax payable	(113,264)	–	(113,264)
Deferred tax liabilities	(75,057)	–	(75,057)
	1,541,036	(761,173)	779,863
Less:			
– Non-controlling interest of the Target Group	(8,314)	–	(8,314)
– Realisation of foreign currency translation reserve attributable to the Target Group	(4,699)	–	(4,699)
	1,528,023	(761,173)	766,850
Gain on disposal of subsidiaries included in the consolidated statement of profit or loss	3,988,697	761,273	4,749,970
Total consideration	5,516,720	100	5,516,820

EXPECTED QUALIFIED OPINION FOR THE REPORTING PERIOD

As at the date of this announcement, the Company's auditor has not issued an independent auditor's report on the Group's financial statements for the year ended 31 December 2019.

The Company's auditor issued a qualified opinion on the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2018 pertaining to (i) impairment of other receivables and uncertainties relating to financial guarantee contracts and (ii) provision for loss on financial guarantee contract, arising from a plaintiff case and few defendant cases of a subsidiary of the Company. Accordingly, it is expected that audit opinion on the Group's consolidated financial statements for the year ended 31 December 2019 will also be qualified because of the possible effect of the limitations on the scope of work on the comparability of the related figures in the consolidated financial statements for the year ended 31 December 2018.

The basis for qualified opinion for the year ended 31 December 2018 was set out in the independent auditor's report contained in the Company's 2018 annual report published on 23 April 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND PERFORMANCE REVIEW

The economic development of the world in 2019 was still not promising. According to the World Economic Outlook published by the International Monetary Fund in January 2020, the global economic growth rate was expected to be 2.9% in 2019, which is the lowest level since the global economic crisis in 2008. However, optimistically, good news started to appear from Sino-US trade consultation, the monetary policy has completely shifted to "easy", other early signs of stabilization of the global economy may continue and finally optimize the consumption expenditure, and the manufacturing industry and global trade may bottom out.

In comprehensive consideration of the global LED industry, LED lighting industries are widely distributed in North America, Asia and Europe, among which, Western Europe, Japan, the United States and other developed countries have been intensively engaged in technological research and development for many years, occupying the commanding heights of the industry. With their economic growth and population advantages, rising stars such as China, South Korea and other Asian countries have become emerging forces in global LED industries, by accelerating industrial expansion through improving their research and development capabilities. Nowadays, orders and production bases for global LED lighting products has been gradually shifting to emerging markets. The Group has been deeply engaged in the lighting industry for more than 20 years and has established sales networks and channels in major countries and regions such as Europe, Australia, North America, East Asia, Middle East and Southeast Asia. During the Reporting Period, the Group established a production base in Vietnam and has completed the preparatory work for the production, which is another key measure for the Group to explore overseas markets. In addition, on 12 December 2019, the very substantial disposal of a majority equity interest in the Disposal Business was formally completed, through which the Group received large amounts of cash dividends from the disposal of the increasingly mature China lighting business, to reward shareholders and at the same time finance our further development. The Group shifted the focus of its lighting business from China to the international market and focused its China business to non-lighting products and systems of the NVC brand. In 2019, the Group's continuing operations achieved revenue of RMB2,222,610,000, representing an increase of 31.9% compared with the Corresponding Period, the discontinued operations achieved revenue of RMB3,335,389,000, representing an increase of 3.6% compared with the Corresponding Period; the Group's gross profit from continuing operations amounted to RMB533,361,000, representing an increase of 60.7% compared with the Corresponding Period, and the gross profit from discontinued operations amounted to RMB1,286,503,000, representing an increase of 12.2% compared with the Corresponding Period, which was in line with our expectation as a whole.

PRC Sales (Discontinued Operations)

As a leading enterprise in the PRC lighting industry, during the Reporting Period, the Group continued to devote itself to technology innovation of products in the Chinese market, with a focus on the research and development of high-end lighting products and solutions, and sold lighting products under the NVC brand through its exclusive regional distributors and its more than 3,000 exclusive outlets throughout China. During the Reporting Period, the NVC brand gained satisfactory results in market segments such as commercial lighting, home lighting and e-commerce channels through adopting differentiated strategies to deepen channel development.

In the commercial lighting sector, the Group has effectively improved its engineering service capability and project conversion rate by adopting a sales strategy of "keeping the existing market share and exploring the incremental market", focusing on key projects and customers and supporting the development of specific engineering products. During the Reporting Period, the Group completed the supply of goods for many RMB10-million-level outdoor projects such as "7th CISM Military World Games in Wuhan", "Bengbu Urban Night View Lighting Improvement Project (Phase III)", "Lishui Landscape Lighting Project" and "Chengdu Metro Line 5"; the amount of shipments to Top 50 customers in real estate industries including China Overseas Property, Evergrande Real Estate, Poly Real Estate and Greenland Group also exceeded RMB10 million. In the home lighting sector, the Group continued to promote the construction of home-style outlets. During the Reporting Period, it established and upgraded a total of more than 700 home-style outlets. It supported our channel penetration strategies, making efforts to promote the upgrading and transformation of outlets in township channels, so as to expand the coverage of outlets in township channels. In addition, by optimizing the supply chain and streamlining the product pool, and promoting product standardization, modularization and platform reform, the gross profit margin of retail channels was improved during the Reporting Period compared with the Corresponding Period. In the e-commerce sector, with a focus on the channel strategy of "platform centralization and product refinement", the Group made efforts to develop business mainly on core platforms such as Tmall, JD Proprietary and Suning Flagship Store. Through large-scale brand activities on platforms, enhancement of visual display of products, precise advertising and media resource investment, the sales volume on core platforms increased steadily; by adjusting key product structure to balance the planning for offerings, ceiling lamp, bath heater and table lamp saw double-digit growth. In terms of backend support, the Group has also continuously improved its warehousing and distribution capabilities and built a quality management system adapted to the internet, ensuring user experience and brand reputation on the internet.

Since the Company will continue to indirectly hold a 30% equity interest in Disposal Business, it will continue to benefit from the future development of Disposal Business.

International Sales

With many years of rich marketing experience and an excellent global operation team, the Group continued to make great progress in international markets during the Reporting Period, gradually unlocking the development potential of overseas markets. The Group divides the international market into mature channels and emerging channels by region features.

It has become an industry consensus for many years that winning the North American market, which is the world's largest lighting market, is winning the international lighting market. In 2019, the North American market remained the largest market for overseas mature channels of the Group. In terms of retail channels in the North American market, during the Reporting Period, the Group actively assisted its largest customer in completing the launch of more than 50 differentiation projects, and supported the customer in the promotion of core product lines such as downlights, high bay lights and ceiling lamps, and adjusted its pricing policies in a timely manner in line with market conditions and policy changes, thus ensuring a steady increase in sales despite severe market conditions. Commercial channels in North American focus on the proprietary brand. In order to alleviate the impact of Sino-US trade friction, the Company's marketing team actively prepared for inventory in advance, tracked the price changes of competitive products throughout the process and formulated various targeted promotion plans, to prevent the decline in sales and maintain the stability of gross profit margin to the maximum extent. During the Reporting Period, business expansion in the Japanese market was accelerated. A number of bulb lamp and ceiling lamp series have been successfully introduced to major home appliance hypermarkets in Japan, with a steady increase in the order volume. In mature markets including the UK, the Group continued to maintain its wholesale business with wholesalers in key channels, and focused on and optimized its core product lines to improve product profitability. At the same time, the Group reached strategic cooperation with well-known local builders in the UK and acquired more than 20 project mandates pending implementation, thus expecting a considerable return in 2020. The Group also actively developed its engineering business. After a year of follow-up, the first large hotel and apartment construction project in Australia was successfully converted into orders, for which products were shipped successively.

In overseas emerging channels, breakthrough development was achieved in the Southeast Asian market during the Reporting Period, with the Indonesian market continuing to play a leading role. During the Reporting Period, the number of terminal retail outlets increased to more than 2,000. Through an investment of online and offline marketing resources, tertiary sales in the Indonesian market and the influence of the NVC brand in this area were significantly improved. At the same time, the Group continued to promote the construction of the Vietnamese market and has established a representative office in Vietnam, with a focus on developing the Mekong River region and developing new agency and wholesale business in the central region. In terms of engineering channels, the Group actively granted authorization to engineering distributors and made plans for unconventional channels, and set up new exhibition halls in Cambodia, to expand its cooperation with various contractors. In terms of the Belt and Road Initiative projects, the Group won the bid for the "Rye Railway Project", the first double-track railway in Nigeria and has delivered products for the first phase. In the Middle East region, the Group continuously strengthened the development of and support for major projects in 2019, and successfully won projects for certain stadiums of the "2022 Qatar FIFA World Cup", and completed delivery of products. At the same time, substantial progress was achieved for some pavilions and related supporting facilities for the Expo 2020 Dubai.

Product Research and Development and Brand Honors

The Group has been deeply engaged in the lighting industry for more than 20 years. It has been adhering to the craftsman spirit of professionalism and dedication. It has committed to the innovative development of product quality, the satisfaction of the increasing demand of consumers and corporate customers around the world for high-quality lighting products, and made unremitting efforts to build a world-renowned brand. In China's top 500 list in terms of brand value published in December 2019, the Group ranked among the list again, with a brand value of RMB33.126 billion, further improving its brand value and reputation. During the Reporting Period, our research and development focused on classification management of product lines and platform standardization. Through the introduction of the advanced ecological tree management system, the Group has divided product pools into the professional category, the application category and the brand category, while upgrading the performance and lighting effects of various products according to those of international first-class brands to control the cost and price competitiveness of strategic products. In terms of platform standardization, the standardization and process efficiency improvement team was established to build and upgrade various series of product standardization platforms and carried out a unified upgrade, management and control through including main components and parts in the standardization library, thus achieving the target of the Group to reduce cost by technologies. In the field of intelligent development and application, during the Reporting Period, the Group successfully developed and iterated smart home applications, and supported suppliers in making a connection to software systems of smart power supplies. At the same time, intelligent control applications were developed and a connection was made to the voice control system of Google Home in the North American market. APP systems were also developed in an orderly manner in the Toshiba market in Japan. Intelligent modules, intelligent remote controllers and intelligent desk lamps for main products also successfully entered the main marketing channels.

Future Prospects

At the beginning of 2020, with the outbreak of "Novel Coronavirus Pneumonia", a black swan, China launched a tense and severe prevention and control campaign. The Group has given full play to leading role in the lighting industry, actively supported the Disposal Business in providing support for the construction of hospitals around China, organized volunteers to go to the front line of the anti-epidemic campaign, and formulated various preferential policies to assist end-distributors in tiding over the difficulties. Internally, the Group has always put the safety and wellbeing of its employees in the first place, purchasing epidemic prevention materials through multiple channels and ways, conducting scientific epidemic prevention publicity from time to time, initiating the flexible working mechanism and innovating online marketing mode to ensure the normal operation of the Company.

Under the complex environment with internal and external difficulties, the Group has actively adjusted its development strategy. In 2020, it will take steady growth as its primary goal and continuously expand its business coverage by adopting the policy of expanding channels, reducing costs and creating quality products. It will continuously promote its internal restructuring and resource allocation optimization to achieve its sustainable development.

In retail channels in North American, as a strategic supplier of global leading building material retail enterprises, the Group will continue to maintain the characteristics and advantages of a front-runner in innovation and quick response, to ensure the supply of quarterly new products, while maintaining the spirit of innovation in product functions and supporting installation to further enhance the added value of products. In the future, we will also increase decorative lighting products and commercial lighting products for use in offices and schools, and continuously expand and strengthen ODM business to expand the production capacity and enhance the marginal contribution of products. In terms of commercial channels, the Group will intensify its marketing efforts, focus on developing more powerful local distributors, adhere to the market positioning of high cost-effective products, and focus on increasing the sales volume of customized projects and energy management projects. In addition, the Group established a Vietnamese factory in 2019 and completed the upfront investment and staffing, the output of which in the second quarter of 2020 will be expected to meet the export demand in Southeast Asian and North American markets, which will effectively buffer the impact of tariff growth on the North American market. Meanwhile, the phase II self-built building of the Vietnamese factory will be completed by the end of 2021, with the economies of scale effect and cost advantages gradually appearing, and a further improvement in the core competitiveness of the products. In 2020, in the Japanese market, efforts will be made to gradually expand B2B channels towards distributors while continuously expanding B2C retail channels towards consumers, so as to comprehensively upgrade its business in the Japanese market. In order to fully seize favorable opportunities arising from the authorization by Toshiba Japan, the Group has established subsidiaries in China to fully carry out the business of Toshiba China. In the future, the Group will orient its business towards numerous Japanese general contractors and factory owners in Beijing, Shanghai, Guangzhou and Shenzhen, and assist distributors in first and second-tier cities in project matching to quickly enter the Chinese market. With the strong national distribution network and the strategic property developer cooperation network of Toshiba China, the Group will implement targeted grafting to reach out to the blue ocean market.

In overseas emerging channels, the Group will establish a Vietnamese subsidiary in 2020, and take Vietnamese market projects as an opportunity to enhance the value of the brand of NVC International in the local quality lighting product market. At the same time, it will take Vietnam as the starting point of service and extend the coverage to neighboring countries such as Cambodia and Laos, so as to accelerate the overseas market expansion. In newly developed regions such as Italy, Pakistan and South Africa, the Group will focus on engineering channels and plans to increase the number of shop-in-shops in Italy from 16 to 100 by 2021, covering major Italian cities and regions to provide professional engineering support services for end customers. In the Middle East region, the Group will continuously enhance its project support capacity, develop localized products and professional lighting solutions meeting local demand, and strive to obtain more supporting projects of the 2022 Qatar FIFA World Cup and Expo 2020 Dubai. At the same time, we will focus on improving the image display and sales capabilities of exclusive outlets in Gulf states, tap customer demand through targeted resource investment, and improve the ability of an outlet to acquire small projects.

In terms of product development and brand building, the Group will continue to accelerate the development of new products and technology upgrades with a focus on market and customer demand in 2020. Through the establishment of a close research-production-marketing communication mechanism, it quickly adjusts its product strategy to adapt to the changing market environment and create the brand of a world-leading lighting product solution service provider, with the aim of creating value for customers. In terms of organizational structure and personnel training, the Group will continuously promote the automation reform of factories in 2020, streamline the organizational hierarchy of functional platforms and establish a flat organizational structure to reduce fixed costs. At the same time, through the effective access to overseas resources, it has introduced high-quality international talents to realize the localized operation and has established a cost-effective and competitive talent service system to ensure that there are adequate human resources for the sustainable and healthy development of the Company. In terms of supply chain management, the Group will continue to implement the JIT system in factories, make early plans for production capacities of suppliers, and coordinate with all factories to properly schedule their production capacities. In 2020, the Group will improve the system of introduction and evaluation of logistics providers and integrate logistics resources to reduce logistics costs. Meanwhile, it will strengthen the control of product inventory ages, formulate plans to treat expired products in a timely manner and reduce warehousing costs. In addition, the Group has spared no effort to strengthen information construction. A new ERP system will be fully implemented in the Elec-Tech System in 2020. The system based on the cloud platform model will facilitate business and information flow among companies and realize global cross-regional cooperation and data sharing for major businesses, effectively shortening business operation time and improving work efficiency. Subsequently, it will successively integrate research, production and marketing and other company platforms within the Group to realize the interconnection of data flow and information management within the Group, thus improving the overall operational efficiency of the Group.

FINANCIAL REVIEW

Sales Revenue

Sales revenue represents the invoiced value of goods sold, after allowances for returns and trade discounts. During the Reporting Period, the sales revenue from continuing operations of the Group amounted to RMB2,222,610,000, representing an increase of 31.9% as compared with the Corresponding Period.

For business management need and the nature of business units based on the products and market, the Group classified the reportable operating segments as follows:

Revenue by geographical locations, NVC brand sales and non-NVC brand sales

The table below sets forth the sales revenue by geographical locations, NVC brand products and non-NVC brand products and the growth rate of each item. Our non-NVC brand products primarily consist of ODM products.

	Year ended 31 December		
	2019	2018	Growth rate
Continuing operations	***RMB' 000***	*RMB' 000*	
Sales revenue from PRC			
Non-NVC brands	**307,143**	409,023	(24.9%)
Sales revenue from international market			
NVC brand	**196,329**	185,150	6.0%
Non-NVC brands	**1,719,138**	1,090,526	57.6%
Subtotal	**1,915,467**	1,275,676	50.2%
Total	**2,222,610**	1,684,699	31.9%

During the Reporting Period, the sales of non-NVC brands sales in China decreased by 24.9%, mainly due to the continuous decrease in the demand in the traditional lamp product market and internal business adjustment of the Group; the international sales increased by 50.2%, while the sales of NVC brand was stable, and the sales of non-NVC brands increased by 57.6% as compared with the Corresponding Period, mainly due to the revenue contribution from the acquisition of Elec-Tech Solid State Lighting (HK) Limited and its subsidiaries ("ETISSL Group") at the end of 2018 and revenue growth resulting from accelerating the pace of developing new business and new markets.

Cost of Sales

Cost of sales mainly consists of the cost of raw materials, outsourced manufacturing costs, direct and indirect labor costs and indirect costs. Major raw materials of the Group include iron, aluminum and alloys, fluorescent powder, glass tubes, electronics components and LED packaged chips. Outsourced manufacturing costs primarily include the cost of purchased semi-finished products used in the production of our products and finished products produced by other manufacturers. Indirect costs primarily include water, electricity, depreciation and amortisation and others. The table below sets forth the composition of our cost of sales:

	Year ended 31 December			
	2019		2018	
	RMB' 000	***Percentage in revenue (%)***	*RMB' 000*	*Percentage in revenue (%)*
Continuing operations				
Raw materials (including outsourced manufacturing costs)	**1,400,042**	**63.0%**	1,160,617	68.9%
Labor costs	**136,150**	**6.1%**	125,312	7.4%
Indirect costs	**153,057**	**6.9%**	66,810	4.0%
Total	**1,689,249**	**76.0%**	1,352,739	80.3%

During the Reporting Period, the cost of sales as a percentage in revenue decreased from 80.3% to 76.0%, while the corresponding gross profit margin increased from 19.7% to 24.0%, mainly due to the comprehensive positive effect of the higher gross profit margin from acquired ETISSL Group in 2018, structural change of product sales and cost reduction by the Group during the Reporting Period.

Gross Profit and Gross Profit Margin

Gross profit is calculated as the net value of revenue less cost of sales.

During the Reporting Period, gross profit was RMB533,361,000, representing an increase of 60.7% as compared with the Corresponding Period, and gross profit margin of sales increased from 19.7% to 24.0%. The gross profit and gross profit margin by segments are shown as follows:

The table below shows the gross profit and gross profit margin by geographical locations and NVC brand products and non-NVC brand products for the periods indicated:

	Year ended 31 December			
	2019		2018	
	RMB' 000	*(%)*	*RMB' 000*	*(%)*
Continuing operations				
Gross profit from PRC sales:				
Non-NVC brands	**61,374**	**20.0%**	97,087	23.7%
Gross profit from international sales:				
NVC brand	**50,336**	**25.6%**	45,636	24.6%
Non-NVC brands	**421,651**	**24.5%**	189,237	17.4%
Subtotal	**471,987**	**24.6%**	234,873	18.4%
Total	**533,361**	**24.0%**	331,960	19.7%

During the Reporting Period, the gross profit margin from domestic non-NVC brands business decreased from 23.7% to 20.0%, mainly due to the effects of the change in product structure. The gross profit margin on international sales increased from 18.4% to 24.6%, mainly due to the comprehensive effect of gross profit contribution from ETISSL Group, the gradual entry of LED lighting products with a higher gross profit margin into our main customer channels in international markets, as well as the cost reduction by the Group during the Reporting Period.

Other Income and Gains

Our other income and gains from continuing operations mainly consist of fair value gain of derivative component of convertible bonds, government grants, interest income and surcharge from suppliers (the breakdown of other income and gains is provided in note 3 on page 17 of this announcement). We received various types of government grants in the form of tax subsidies and incentives for research and development activities. Government subsidies are provided by relevant authorities at their discretion, and may not be recurring in nature. During the Reporting Period, other income and gains from continuing operations decreased to RMB76,621,000 as compared with the Corresponding Period, which was mainly due to gain on fair value change of the derivative component of convertible bonds of RMB82,903,000 in the Corresponding Period. No such gain incurred during the Reporting Period as the convertible bonds were fully converted into shares of the Company during the Corresponding Period of 2018.

Selling and Distribution Costs

Our selling and distribution costs from continuing operations mainly consist of freight costs, advertising and promotion expenses, staff costs and other costs including office expenses, custom clearance expenses, travelling expenses, depreciation and amortisation, insurance fees and other miscellaneous costs.

During the Reporting Period, our selling and distribution costs from continuing operations were RMB248,586,000, representing an increase of 140.1% as compared with the Corresponding Period. The increase was mainly due to the increase in the staff cost, freight and warehouse services fee during the Reporting Period resulting from the acquisition of subsidiaries in 2018. Our selling and distribution costs as a percentage in revenue increased from 6.1% to 11.2%.

Administrative Expenses

Our administrative expenses from continuing operations mainly consist of staff costs, amortisation and depreciation, research and development expenses, office expenses and other expenses including tax expenses, audit fees, other professional fees, impairment of trade and other receivables and other miscellaneous expenses. These taxes mainly include land use tax and stamp duty in connection with our administrative functions.

During the Reporting Period, our administrative expenses from continuing operations were RMB336,212,000, representing an increase of 80.1% as compared with the Corresponding Period, which was mainly the increase in the staff cost, amortisation and depreciation resulting from the acquisition of subsidiaries in 2018, impairment of trade and other receivables and the increase of professional service fees resulting from the disposal of subsidiaries during the Reporting Period. Our administrative expenses as a percentage in revenue increased from 11.1% to 15.1%.

Other Expenses

Other expenses from continuing operations mainly consist of loss on modification of terms and extension of maturity of convertible bonds, losses on disposal of property, plant and equipment, impairment loss of goodwill and other intangible assets, impairment and provision in relation to the litigations, fair value loss of held-for-trading financial assets, donation and other miscellaneous expenses. During the Reporting Period, our other expenses from continuing operations increased significantly as compared with the Corresponding Period, which was mainly due to impairment of goodwill related to ETISSL Group recognised during the Reporting Period.

Finance Costs

Finance costs from continuing operations represent interests on bank loans, interest on lease liabilities and interest expenses on convertible bonds.

Share of Results of Associates and a Joint Venture

This item represents the Group's share of net profits or net losses in the associates and a joint venture during the Reporting Period.

Gain on Disposal of a Subsidiary

During the Reporting Period, the Company disposed of its entire interest in NVC Lighting (China) Co., Ltd., a subsidiary of the Company to an independent third party at a consideration of RMB100,000 and recorded a gain of RMB761,273,000. The net carrying liabilities of such subsidiary before being disposed was RMB761,173,000.

Income Tax

During the Reporting Period, the Group's income tax expenses from continuing operations amounted to RMB81,794,000, representing a decrease of 64.7% as compared with the Corresponding Period. It is mainly due to the effect in the increase of withholding income tax arising from the distribution of earnings by the Company's subsidiaries in the PRC to the Company in the Corresponding Period. These subsidiaries were disposed of during the Reporting Period.

Loss for the Year (including Profit Attributable to Non-controlling Interests)

Due to the factors mentioned above, our loss for the year from continuing operations (including profit attributable to non-controlling interests) was RMB87,263,000 during the Reporting Period.

Exchange Differences on Translation of Foreign Operations

During the Reporting Period, our exchange differences on translation of overseas business were RMB100,383,000. These exchange differences primarily arose from the translation of the financial statements of the Company and the overseas subsidiaries which are denominated in foreign currencies.

Loss Attributable to Owners of the Parent for the Year

Due to the factors mentioned above, loss attributable to owners of the parent from continuing operations was RMB101,524,000 during the Reporting Period.

Profit Attributable to Non-controlling Interests for the Year

During the Reporting Period, profit attributable to non-controlling interests from continuing operations was RMB14,261,000.

Liquidity

Sufficiency of net current assets and working capital

The table below sets out our current assets, current liabilities and net current assets as at the end of the Reporting Period.

	Year ended 31 December	
	2019	2018
	RMB' 000	*RMB' 000*
CURRENT ASSETS		
Inventories	**385,418**	683,524
Trade and bills receivables	**606,590**	1,504,176
Prepayments, deposits and other receivables	**479,812**	361,313
Income tax recoverable	**1,733**	568
Other current assets	**24,928**	45,014
Held-for-trading investments	**39,506**	44,190
Restricted bank balances and short-term deposits	**56,300**	677,502
Cash and cash equivalents	**1,551,520**	912,998
Sub-total current assets	**3,145,807**	4,229,285
CURRENT LIABILITIES		
Trade and bills payables	**530,918**	1,385,298
Other payables and accruals	**806,276**	1,324,472
Interest-bearing loans and borrowings	**21,917**	1,064,924
Lease liabilities	**6,674**	–
Government grants	**1,009**	1,612
Income tax payable	**558,450**	187,168
Derivative financial instruments	**–**	10,689
Sub-total current liabilities	**1,925,244**	3,974,163
NET CURRENT ASSETS	**1,220,563**	255,122

As at 31 December 2019 and 31 December 2018, the total net current assets of the Group amounted to RMB1,220,563,000 and RMB255,122,000 respectively, and the current ratio was 1.63 and 1.06 respectively. In light of our current liquidity position, the unutilised banking facilities available to the Group and our projected cash inflows generated from operations, the Directors believe that we have sufficient working capital for our present requirements and for the next 12 months.

Capital Management

The table below sets out our gearing ratio as at the end of the Reporting Period.

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Interest-bearing loans and borrowings	**21,917**	1,064,924
Total debt	**21,917**	1,064,924
Less: Cash and cash equivalents and short-term deposits	**(1,607,820)**	(1,590,500)
Net debt	**N/A**	N/A
Total equity attributable to owners of the parent	**3,319,729**	3,286,696
Gearing ratio	**N/A**	N/A

The primary goal of our capital management is to maintain the stability and growth of our financial position. We regularly review and manage our capital structure and make corresponding adjustments, after taking into consideration changes in economic conditions, our future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. We manage our capital by monitoring our gearing ratio (which is calculated as net debt divided by the total equity attributable to owners of the parent). Net debt is the balance of interest-bearing loans and borrowings less cash and cash equivalents and short-term deposits.

Capital Expenditure

We funded our capital expenditure with cash generated from operations and bank loans. Our capital expenditure is primarily related to expenditure on property, plant and equipment, right-of-use assets and other intangible assets. During the Reporting Period, the Group's capital expenditure amounted to RMB133,122,000, mainly attributable to the increase in cost of leasehold improvements, machinery equipment, moulds, non-productive equipment and research and development expenses.

Off-balance Sheet Arrangement

Except for the derivative financial liabilities in relation to forward exchange contracts as at 31 December 2018, we did not have any outstanding derivative financial instruments and off-balance sheet guarantees for outstanding loans. We did not engage in trading activities involving non-exchange traded contracts.

Capital Commitments

On 31 December 2019, the capital commitments in respect of contribution into associates and investments and purchase of property, plant and equipment was RMB91,975,000 (31 December 2018: RMB514,259,000).

EVENTS AFTER THE REPORTING PERIOD

Since the beginning of 2020, the outbreak of COVID-19 has spread throughout the world and has impacted the global economic and business environment. Up to the date of this announcement, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the continuing connected transactions of the Group do not exceed the annual caps previously disclosed in the relevant announcements of the Company.

MERGERS, ACQUISITIONS, INVESTMENTS AND DISPOSALS

In June 2019, ETI Solid State Lighting (Zhuhai) Limited, a wholly-owned subsidiary of the Company invested an amount of RMB1 million to establish Yidong (Zhuhai) Technology Co., Ltd.*(怡東(珠海)科技有限公司) ("Yidong (Zhuhai)"). Yidong (Zhuhai) is principally engaged in the development, production and sales of lighting products.

In July 2019, NVC Global Solutions Limited, a wholly-owned subsidiary of the Company invested an amount of RMB5,000,000 to establish NVC Overseas Corporation (Huizhou)* (怡迅(惠州)光電科技有限公司) ("NVC Overseas"), a wholly-owned subsidiary. NVC Overseas is principally engaged in the development, production and sales of lighting products.

In July 2019, NVC Global Solutions Limited, a wholly-owned subsidiary of the Company, invested an amount of SGD100 to acquire 100% of the equity of NVC Lighting & Electrical Technology Singapore Pte. Ltd. ("NVC Singapore"). NVC Singapore was an entity controlled by Mr. WANG Dongming, a Director of the Company. Upon the completion of the acquisition, NVC Singapore is no long a connected person of the Company. NVC Singapore is principally engaged in the development, production and sales of lighting luminaire products.

On 10 August 2019, the Company, LED Holdings Limited ("LED Holdings"), Brilliant Lights International Holding Pte. Ltd., Brilliant Lights Investment Pte. Ltd. ("Purchaser") and KKR entered into a share purchase agreement ("Share Purchase Agreement"), pursuant to which the Company and LED Holdings have conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire three wholly-owned subsidiaries of the Company ("Target Companies"), which are principally engaged in the manufacturing, sales and distribution of commercial lighting products and home lighting products as well as e-commerce business in the Mainland China market under the "NVC" brand, with a valuation of 100% of the equity of the Target Companies of RMB5,559,010,897, subject to the terms of the Share Purchase Agreement. After the closing of the disposal ("Closing"), the Company and KKR will respectively indirectly hold 30% and 70% of the total equity interests in the Target Companies and the Target Companies will not be consolidated into the consolidated financial statements of the Group. Relevant details are contained in the announcement of the Company dated 11 August 2019. The disposal was approved by the shareholders of the Company at the extraordinary general meeting held on 18 November 2019. On 12 December 2019, all the precedent conditions in the Share Purchase Agreement were fulfilled, and the Closing took place in accordance with the terms and conditions of the Share Purchase Agreement. On Wednesday, 18 December 2019, the special dividend of HK$0.9 (or approximately RMB0.8) per Share was paid to the shareholders whose names appeared on the register of Shareholders of the Company on Monday, 25 November 2019. After an adjustment, the final values of the final cash and share consideration were US$662,607,039 and RMB812,221,000 respectively. The disposal will enable the Company to obtain considerable cash consideration, increase shareholder return and continuously expand overseas business.

In November 2019, NVC Lighting International Limited (雷士照明國際有限公司), a wholly-owned subsidiary of the Company, proposed to invest an amount of US$8 million to establish NVC Vietnam Technology & Lighting Company Limited ("NVC Vietnam"), a wholly-owned subsidiary. NVC Vietnam is principally engaged in the development, production and sales of lighting products. As at the date of this announcement, the registered capital of NVC Vietnam was not fully paid.

Save as disclosed in the above, the Group made no material acquisition, merger or sale of subsidiaries and associates during the Reporting Period.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

We did not use the proceeds from the Global Offering in a manner different from those set out in the prospectus of the Company dated 7 May 2010.

MARKET RISKS

We are exposed to various market risks in the ordinary course of business. Our risk management strategy aims to minimise the adverse effects of these risks to our financial results.

Foreign Currency Risk

We are exposed to transactional currency risk. Such risk arises from sales or procurement by an operating unit in currencies other than its functional currency. As a result, we are exposed to fluctuations in the exchange rate between the functional currencies and foreign currencies. During the Reporting Period, the Group had entered into several forward exchange contracts in place to hedge the foreign exchange exposure and did not experience any material difficulties or negative impacts on our operations or liquidity as a result of fluctuations on currency exchange rates.

Commodity Price Risk

We are exposed to fluctuations in the prices of raw materials which are influenced by global changes as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect our financial performance. We did not enter into any commodity derivative instruments to hedge the potential commodity price changes.

Liquidity Risk

We monitor our risk of having a shortage of funds by considering the maturity of our financial instruments, financial assets and liabilities and projected cash flows from operations. Our goal is to maintain a balance between continuity and flexibility of funding through the use of bank loans and other interest-bearing loans. Our Directors have reviewed our working capital and capital expenditure requirements and determined that we have no significant liquidity risk.

Credit Risk

Our major credit risk arises from exposure to a substantial number of trade and bills receivables, deposits and other receivables from debtors. We have policies in place to ensure that the sales of products are made to customers with an appropriate credit limit, and we have strict control over credit limits of trade receivables. Our cash and short-term deposits are mainly deposited with registered banks in Mainland China and Hong Kong. We also have policies that limit our credit risk exposure to any financial institutions. The carrying amounts of trade and bills receivables, deposits and other receivables, cash and cash equivalents and short-term deposits included in the consolidated statement of financial position represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which carry significant exposure to credit risk. In 2019, we entered into a number of one-year insurance contracts with China Export & Credit Insurance Corporation, which covered 75% or 90% uncollectible receivables from international sales between the period from 1 July 2019 to 30 November 2020 with a maximum compensation amount of US$48,000,000 (equivalent to approximately RMB334,858,000). We purchased such insurance in order to minimise our exposure to credit risk as we expand our business. We plan to renew such insurance contracts when they become due.

SPECIAL DIVIDEND AND FINAL DIVIDEND

On 16 March 2019, the Board has proposed to declare special dividend of HK$0.05 (equivalent to approximately RMB4 cents) per share payable to the shareholders of the Company, which was approved on the Company's extraordinary general meeting held on 11 April 2019. Based on the 4,231,155,649 Shares in issue as at 8 April 2019, the special dividend payable was HK$211,557,783 (equivalent to approximately RMB189,509,230 at an exchange rate of 0.89578) (tax inclusive). On Tuesday, 30 April 2019, the special dividend was paid to the shareholders whose names appeared on the register of shareholders of the Company on Monday, 8 April 2019.

Pursuant to the circular dated 31 October 2019, the Board proposed a special dividend of HK$0.9 (or approximately RMB0.8) per share for shareholders of the Company. The proposal was approved at the extraordinary general meeting of the Company held on 18 November 2019. Based on 4,227,280,649 shares issued as at 25 November 2019, the special dividend payable was HK$3,804,552,584 (or approximately RMB3,368,205,000, based on the exchange rate of 0.88531) (inclusive of tax). On Wednesday, 18 December 2019, the special dividend was paid to the shareholders whose names appeared on the register of shareholders of the Company on Monday, 25 November 2019.

The Board has proposed not to declare final dividend for the year ended 31 December 2019.

ANNUAL GENERAL MEETING

The annual general meeting ("Annual General Meeting") of the Company is scheduled to be held on 12 June 2020. A notice convening the Annual General Meeting will be published and dispatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 8 June 2020.

EMPLOYEES

As at 31 December 2019, the Group had approximately 2,709 employees in total (31 December 2018: 7,642). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits including social insurance contributions, employee provident fund schemes, discretionary incentive and share option schemes.

ADOPTION OF RESTRICTED SHARE UNIT SCHEME

On 20 December 2018, the Board has approved the adoption of a restricted share unit scheme. Pursuant to the restricted share unit scheme, the Company may direct and procure the trustee to purchase Shares (either on-market or off-market) to satisfy the restricted share units upon vesting and to hold the purchased Shares on trust for the relevant participants until such restricted share units are vested with the relevant participants in accordance with the restricted share units scheme rules. Further details are set out in the announcement of the Company dated 20 December 2018. The restricted share units scheme has been approved at the extraordinary general meeting held on 25 January 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased a total of 914,000 shares of the Company at prices ranging from HK$0.495 to HK$0.50 per share on the Stock Exchange, with an aggregate consideration of approximately HK$453,750 (equivalent to approximately RMB392,000). The repurchased shares have been cancelled in April 2019. The Company considered that it was the best way of enhancing shareholder value and that it was in the best interest of the shareholders by returning a substantial part of the surplus funds to the shareholders.

CORPORATE GOVERNANCE

The Directors are of the opinion that, during the Reporting Period, the Company had complied with the principles and codes provisions set out in the Code, except for the following code provisions.

Code Provision A.2.1 requires that the role of chairman and chief executive officer should be separate and should not be performed by the same person. Given that Mr. WANG Donglei assumed the roles of both Chairman and Chief Executive Officer before 22 February 2019, the Company deviated from this code provision. Mr. WANG Donglei is the director of ETIC, which is the controlling corporation of the largest shareholder of the Company, Elec-Tech International (H.K.) Company Limited. Mr. WANG Donglei has many years of experience in product research and development, manufacturing and business management. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the Board and its relevant committees, and there are four Independent Non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure the balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purposes of complying with the Code and maintaining a high standard of corporate governance practices of the Company. However, Mr. WANG Donglei resigned as the chief executive officer of the Company on 22 February 2019 and Ms. CHAN Kim Yung, Eva has been appointed as the Chief Executive Officer of the Company on the same day. Since then, the roles of the chairman and chief executive officer of the Company have been separated and the requirement under Code Provision A.2.1 has been complied with.

At present, the chairman of the Company is Mr.WANG Donglei and the chief executive officer of the Company is Ms. CHAN Kim Yung, Eva. The Company had fully complied with the principles and code provisions as set out in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors, and all the Directors have confirmed that they had complied with all relevant requirements as set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") in compliance with the Listing Rules with written terms of reference. The primary duties of the Audit Committee include maintaining relationship with the auditor of the Group, reviewing financial information of the Group, supervising the financial reporting system, risk management and internal control system of the Group, and the duties of corporate governance designated by the Board. Currently, the Audit Committee consists of three members, namely, Independent Non-executive Director Mr. LEE Kong Wai, Conway, Independent Non-executive Director Mr. WANG Xuexian and Independent Non-executive Director Mr. SU Ling, respectively. Mr. LEE Kong Wai, Conway has been appointed as the chairman of the Audit Committee. The Audit Committee has reviewed and discussed the annual results for the Reporting Period.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules with written terms of reference. The primary duties of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. During the Reporting Period, Ms. CHAN Kim Yung, Eva has been appointed as a member of the Remuneration Committee with effect from 25 January 2019. Currently, the Remuneration Committee consists of three members, namely, Executive Director Ms. CHAN Kim Yung, Eva, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Mr. WEI Hongxiong, respectively. Mr. WEI Hongxiong has been appointed as the chairman of the Remuneration Committee.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") in compliance with the Code with written terms of reference. The primary duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors. Currently, the Nomination Committee consists of three members, namely, Executive Director Mr. WANG Donglei, Independent Non-executive Director Mr. LEE Kong Wai, Conway and Independent Non-executive Director Mr. WEI Hongxiong, respectively. Mr. WANG Donglei has been appointed as the chairman of the Nomination Committee.

STRATEGY AND PLANNING COMMITTEE

The Company established a strategy and planning committee (the "Strategy and Planning Committee") under the Board with written terms of reference. The primary duty of the Strategy and Planning Committee is to propose and formulate the strategic development plan of the Company for the Board's consideration. During the Reporting Period, Ms. CHAN Kim Yung, Eva has been appointed as a member of the Strategy and Planning Committee with effect from 25 January 2019. Currently, the Strategy and Planning Committee consists of four members, namely, Executive Director Mr. WANG Donglei, Executive Director Mr. XIAO Yu, Executive Director Ms. CHAN Kim Yung, Eva and Independent Non-executive Director Mr. WANG Xuexian, respectively. Mr. WANG Donglei has been appointed as the chairman of the Strategy and Planning Committee.

INDEPENDENT INVESTIGATIONS COMMITTEE

To advance the internal investigations into matters involving Mr. WU Changjiang, the former Executive Director and Chief Executive Officer of the Company, the Company has established an independent investigations committee (the "Independent Investigations Committee") under the Board. The Independent Investigations Committee has been authorised by the Board to exercise powers and perform duties on behalf of the Board in relation to the conduct of the investigations into, among other things, the alleged wrongdoing of Mr. WU Changjiang. The Independent Investigations Committee has also been authorised to consider and make recommendations to the Board with respect to any potential proceedings arising from the internal investigations. In connection with the Company's investigations of the alleged wrongdoing of Mr. WU Changjiang, the Independent Investigations Committee has instructed a third-party service provider to conduct a forensic review of related irregularities and an internal controls assessment of the Company and its key subsidiaries. The forensic review and internal controls assessment has been completed. Please refer to the announcements of the Company dated 17 July 2015 and 17 September 2015 for details. Currently, the Independent Investigations Committee consists of three members, namely, Independent Non-executive Director Mr. LEE Kong Wai, Conway, Independent Non-executive Director Mr. WEI Hongxiong and Independent Non-executive Director Mr. WANG Xuexian, respectively.

APPOINTMENT AND RESIGNATION OF DIRECTORS AND CHANGE IN DIRECTORS' INFORMATION

From 1 January 2019 to the date of this announcement, the appointment and resignation of Directors and changes in the Directors' information are as follows:

Ms. CHAN Kim Yung, Eva has been appointed as a member of the Remuneration Committee and a member of the Strategy and Planning Committee with effect from 25 January 2019; and the chief executive officer with effect from 22 February 2019; and has been appointed as a director of Brilliant Lights (Finco) Pte. Ltd. and Brilliant Lights International Holding Pte. Ltd. with effect from 12 December 2019.

Mr. WANG Donglei has resigned as the chief executive officer with effect from 22 February 2019; and has been appointed as a director of Brilliant Lights (Finco) Pte. Ltd. and Brilliant Lights International Holding Pte. Ltd. with effect from 12 December 2019.

Mr. LI Huating has resigned as a Non-executive Director with effect from 28 February 2019.

Mr. LEE Kong Wai, Conway has resigned as an Independent Non-executive Director of Tibet Water Resources Ltd. (the shares of which are listed on the main board of the Stock Exchange, stock code: 1115) with effect from 29 February 2020.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Group's annual results for the Reporting Period will be included in the Company's annual report which will be published on the website of the HKEXnews at www.hkexnews.hk and the Company's website at www.nvc-international.com and will be dispatched to the Company's shareholders in due course.

REVIEW OF ACCOUNTS

The Group's annual results for the Reporting Period has been reviewed by the Audit Committee and approved by the Board.

The Group has been in constant discussions with its auditor on the progress and status of the audit work on the financial results of the Group for the year ended 31 December 2019. The Company has been informed that the progress of the relevant audit work in the PRC has been adversely affected by the restrictions imposed on both travel and resumption of work due to the outbreak of the COVID-19. As such, while the Company has been trying to prepare the financial results of the Group for the year ended 31 December 2019 as required under the Listing Rules, it is expected that there will be a delay in the publication of the financial results of the Group for the year ended 31 December 2019 which have been agreed with the auditor.

Should the relevant travel restriction measures in relation to the epidemic in the PRC be relieved, it is expected that the on-site audit works of the auditor will be resumed as soon as practicable. The Company currently expects to publish its annual results for the year ended 31 December 2019, which have been agreed with the auditor, and the accounting adjustment or material differences (if any) as compared with the unaudited annual results contained herein on or before 17 April 2020, subject to the development of COVID-19.

APPRECIATION

The Board would like to take this opportunity to express its appreciation to the management team and staff of the Group for their contribution during the Reporting Period and also to give its sincere gratitude to all the shareholders of the Company for their continued support.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"Board"	the board of Directors of the Company.
"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Taiwan, the Macau Special Administrative Region and Hong Kong Special Administrative Region.
"Code"	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.
"Company"	NVC International Holdings Limited *(雷士國際控股有限公司)，(formerly known as NVC Lighting Holding Limited*(雷士照明控股有限公司)), a company incorporated in the British Virgin Islands on 2 March 2006 and subsequently redomiciled to the Cayman Islands on 30 March 2010 as an exempted company with limited liability under the laws of the Cayman Islands. The shares of the Company are listed on the main board of the Stock Exchange.
"Convertible Bonds"	the convertible bonds denominated in Hong Kong dollar in an aggregate principal amount of HK$500,000,000 issued on 7 June 2016 by the Company.
"Corresponding Period"	means the year ended 31 December 2018 or the year ended 31 December 2019 (as the context may require).
"Director(s)"	the director(s) of the Company.
"Disposal Business"	the manufacture and distribution business of lighting products in the Mainland China, Hong Kong and Macau Special Administrative Region of the Disposal Group.
"ETIC"	Elec-Tech International Co., Ltd.* (安徽德豪潤達電氣股份有限公司), (formerly known as Elec-Tech International Co., Ltd.*(廣東德豪潤達電氣股份有限公司)) a PRC incorporated company of which the shares are currently listed on the Shenzhen Stock Exchange. It is a substantial shareholder of the Company.
"Group"	the Company and its subsidiaries.

"Guarantee Agreement 1"	A guarantee agreement entered into between a PRC bank and NVC China in 2013 in which NVC China provided guarantees to the PRC bank for its loan facilities granted to its borrowers of RMB35,497,000.
"Guarantee Agreement 2"	A guarantee agreement entered into between a PRC finance company and NVC China in 2014 in which NVC China provided guarantees to the PRC finance company for its loan facilities granted to its borrowers of RMB34,000,000.
"Guarantee Agreement 3"	A guarantee agreement entered into between a PRC bank and NVC China in 2014 in which NVC China provided guarantees to the PRC bank for its loan facilities granted to its borrower of RMB62,000,000.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong.
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China.
"Huizhou NVC"	Huizhou NVC Lighting Technology Co., Ltd.* (惠州雷士光電科技有限公司), a wholly foreign-owned enterprise with limited liability incorporated in the PRC on 29 April 2006 and our direct wholly-owned subsidiary.
"KKR"	Lighting Holdings II Pte. Ltd., a special purpose vehicle indirectly controlled by KKR Asian Fund III L.P. which is a limited partnership incorporated under the laws of Ontario, Canada.
"LED"	light-emitting diode.
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
"NVC China"	NVC Lighting (China) Co., Ltd.
"ODM"	original design manufacturing, a type of manufacturing under which the manufacturer is responsible for the design and production of the products and the products are marketed and sold under the customer's brand name.
"Reporting Period"	the year ended 31 December 2019.
"RMB"	Renminbi, the lawful currency of the PRC.
"SGD"	Singapore dollars, the lawful currency of Singapore.
"Share(s)"	Ordinary share(s) of US$0.0000001 each in the share capital of the Company.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

"US"	the United States of America, its territories, its possessions and all was subject to its jurisdiction.
"US$"	United States dollars, the lawful currency of the United States.
"UK NVC"	NVC Lighting Limited (formerly known as NVC (Manufacturing) Limited), a private company incorporated in England and Wales on 31 May 2007, and our direct wholly-owned subsidiary.
"we", "us"or"our"	the Company or the Group (as the context may require).
"Wuhu NVC"	Wuhu NVC International E-commerce Co., Ltd. ("蕪湖雷士國際電子商務有限公司"), a limited liability company incorporated in China and an indirect subsidiary of Blue Light (HK) Trading Co., Limited (香港蔚藍芯光貿易有限公司).

* *denotes English translation of the name of a Chinese company or entity and is provided for identification purposes only*

The unaudited results for the year ended 31 December 2019 contained herein have not been agreed with the auditor as required under Rule 13.49(2) of the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
NVC International Holdings Limited
Chairman
WANG Donglei

Hong Kong, 27 March 2020

As at the date of this announcement, the directors of the Company are:

Executive Directors:
WANG Donglei
WANG Dongming
XIAO Yu
WANG Keven Dun
CHAN Kim Yung, Eva

Non-executive Director:
YE Yong

Independent Non-executive Directors:
LEE Kong Wai, Conway
WANG Xuexian
WEI Hongxiong
SU Ling